

In the Matter of	)	No. G 03-09
	)	
Safeco Insurance Company of America	)	FINDINGS, CONCLUSIONS, AND
First National Insurance Company of	)	
America	)	ORDER ADOPTING REPORT
General Insurance Company of America	)	
Safeco Insurance Company of Illinois	)	OF
American Economy Insurance Company	)	
American States Insurance Company	)	MARKET CONDUCT EXAMINATION
American State Preferred Insurance	)	
Company	)	
Authorized Insurers	)	

**BACKGROUND**

An examination of the market conduct of **Safeco Insurance Company of America and Affiliates** (the Companies) as of January 31, 2001, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies hold Washington certificates of authority as stock insurers. They are domiciled as follows: Safeco Insurance Company of America, First National Insurance Company of America, and General Insurance Company of America-Washington; Safeco Insurance Company of Illinois-Illinois; American Economy Insurance Company, American States Insurance Company, and American States Preferred Insurance Company-Indiana. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Companies for comments on November 12, 2002. The Companies' response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the

examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

## FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 43 of the report.

## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Safeco Insurance Company of America, First National Insurance Company of America, General Insurance Company of America, Safeco Insurance Company of Illinois, American Economy Insurance Company, American States Insurance Company, American States Preferred Insurance Company**, and to order the Companies to take the actions described in the Instructions section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions prior to the date of this order. The Instructions in the report are an appropriate response to the matters found in the examination.

## ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 29.

1. The Companies are ordered to establish procedures that ensure compliance with RCW 48.05.190(1) and that all policy quotes, policy documents and all correspondence correctly identify the legal name of the insuring company. (Instruction 1, Page 29)
2. The Companies are ordered to establish procedures to ensure that every commercial policy eligible for schedule rating is included, and that documentation supports compliance with WAC 284-24-100. (Instruction 2, Page 29)
3. The Companies are ordered to establish procedures to ensure that underwriting decisions to decline or terminate coverage are not based on another insurer's decision to cancel, non-renew or terminate coverage pursuant to the requirements of WAC 284-30-574. (Instruction 3, Page 29)

4. The Companies are ordered to establish procedures to comply with RCW 48.19.040(6) regarding filings, rating plans and application of approved rates. (Instruction 4, Page 29)
5. The Companies are ordered to file all forms not covered under RCW 48.18.100 as required under RCW 48.18.103 within 30 days of use. (Instruction 5, Page 29).
6. The Companies are ordered to send notification of renewals, cancellation or non-renewals within the time frame requirements stated in RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, or RCW 48.18.292. (Instruction 6, Page 29)
7. The Companies are ordered to ensure that all claim files contain work papers and log notes in such detail that the claim can be reconstructed as required in WAC 284-30-340. (Instruction 7, Page 29)
8. The Companies are ordered to notify all PIP claimants of the conditions under which PIP benefits may be limited, terminated, or denied as required in WAC 284-30-395 within a reasonable time of receiving notice of an insured's intent to file a claim. (Instruction 8, Page 29)
9. The Companies are ordered to always include the actual reason for canceling, denying or refusing to renew an insurance policy as required by WAC 284-30-570. (Instruction 9, Page 29)

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Companies have addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 30<sup>th</sup> day of January, 2003.

MIKE KREIDLER  
Insurance Commissioner